

• Textiles and Apparel

Textiles and apparel, for example, are subject to special rules of origin. Canada and the United States agreed in the FTA that most textile and apparel products would be subject to a two-step transformation requirement. This means that to qualify for FTA treatment, most textiles woven in Canada must be made from yarn spun in Canada. Similarly, most apparel made in Canada must use fabric woven in Canada in order to qualify under the rules of origin.

However, the Free Trade Agreement also allows a limited quota of apparel and non-woolen textiles to qualify for FTA treatment each year even though they do not meet the two-step transformation rule. Quotas exist for woolen apparel, non-woolen apparel and non-woolen textiles. For example, suits cut in Canada from third-country fabric and exported to the United States may receive the FTA tariff until the yearly quota is filled. Exports of apparel and non-

woolen textiles which exceed the yearly quota (which is called a Tariff Rate Quota or TRQ) will not qualify for FTA treatment and will be subject to a higher tariff.

Exporters wishing to benefit from the Tariff Rate Quotas must obtain a Certificate of Eligibility. These certificates are available from a number of Canadian customs brokers and the Special Trade Relations Bureau of the Department of External Affairs and International Trade. Tel: (613) 996-3711. Fax: (613) 996-9933.

Questions concerning the Rules of Origin as established by the FTA, may be directed to the U.S. Tariffs and Market Access Division of the Department of External Affairs and International Trade, or the Customs Assessment Divisions in the regional offices of Revenue Canada Customs. Exporter's Certificates of Origin are also available through these offices.